



February 3, 2006

Jennifer J. Johnson, Secretary  
The Federal Reserve System  
Board of Governors  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington DC 20551

Dear Ms. Johnson:

Please accept the following comments on the proposed guideline entitled, *Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices (Guidance)*.

We are a Bank of approximately \$250 Million in assets and \$156 Million in loans. Of those loans, we have \$30.9 Million in construction land development, \$195,000 in multi-family (5 or more) residential properties, and \$53.5 Million in non-farm, non-residential properties. These come directly from 1.a, 1.d, and 1.e of the call as set out in the proposed guidelines. These would total \$84.6 Million in loans to be considered at risk for commercial real estate deflation. In more closely reviewing the \$53.5 Million in non-farm, non-residential, we find these loans are either commercial real estate for the business' own operation or other commercial term and operating lines of credit secured by commercial real estate. We find, of the \$53.5 Million, \$12.2 Million actually fit the definition of CRE subject to depressed market.

Our Bank's total CRE, subject to the concerns of the guideline, total \$43.3 Million, or 155% of our total capitol (not including loan loss reserve).

In conclusion, the proposed guidance will have minimal impact on our Bank. We do believe it is in our best interest to track concentrations, and feel a program to analyze all industry types would be a better approach and provide us the ability to continually evaluate concentrations as the economy fluctuates. This particular Guidance seems narrow in focus and may not be very indicative of the risk in the portfolio.

If you have any further questions, please call me at 406.642-2211.

Sincerely,

William E. Perrin  
Vice President/Senior Lender

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